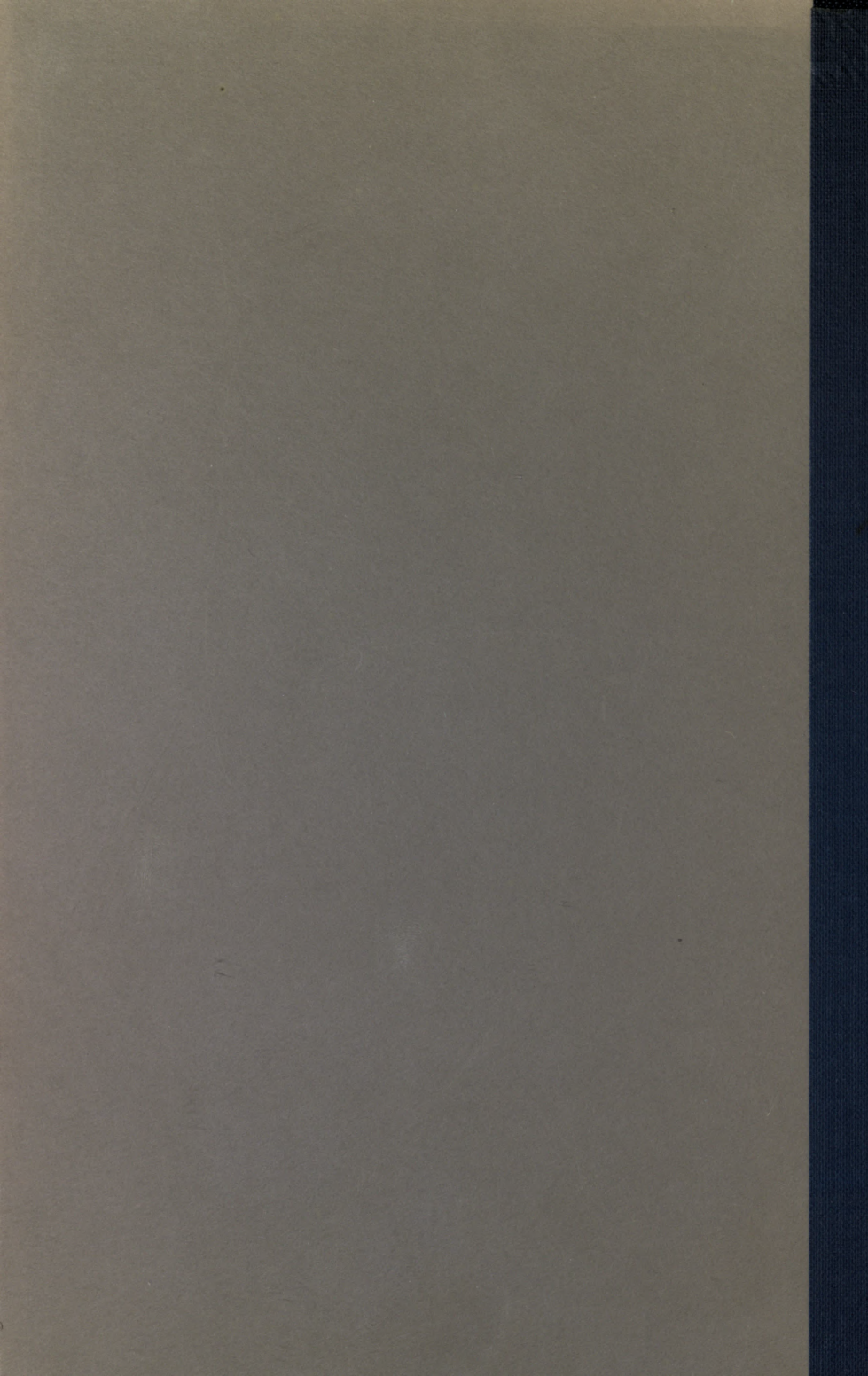


Eliot, Francis Perceval

Letters on the political  
and financial situation of  
the British Empire in the  
year 1816

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1871

# General and Financial

Statement

of the

Bank of Liverpool

for the

Year ending 31st Dec 1871

as shown in the Report of the

Directors for 1871

presented to

the Shareholders of the Bank of Liverpool

1872





(Eliot, F. P.)

# LETTERS

ON THE

## Political and Financial

### SITUATION

OF THE

## BRITISH EMPIRE,

IN

### THE YEAR 1816;

BEING A CONTINUATION TO THOSE OF THE

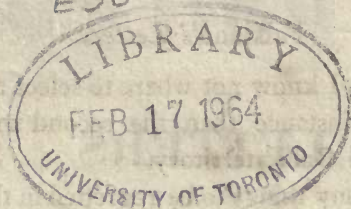
YEARS 1814 AND 1815.

ADDRESSED TO

### THE EARL OF LIVERPOOL.

1816

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## LETTER XI.

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MY LORD,

January 1, 1816.

ON the annual return of this day, it is customary to offer to our friends and to our acquaintances the periodical repetition of what are commonly called the compliments of the season—our congratulations on any favourable events which may have occurred in the course of the preceding year ; and our best wishes for the continuance of their fortunate career through the chequered journey of life.

To you, my Lord, my congratulations on the prosperous situation of the country, whose affairs you have been chosen to administer, will assume a higher tone and more commanding energy of language than the minor considerations of private life, and the little interesting events of humbler stations. I shall have to offer to you my most sincere and heartfelt acknowledgments of the well directed talent, and the promptly exercised vigour which have enabled you to effect, in so short a period of time, such a complete fulfilment of the predictions in my ' last addresses to your Lordship on the subject of the "*Bis domitum civile nefas.*"

Amongst the numerous events, which, in this capricious and unstable world of ours, appearing to promise much *prima facie* evil, have yet been ultimately productive of great

\* See Letters, 9 and 10. dated 31st March, and 9th April 1814.—Pamphleteer, No. 10, p. 499, &c.



permanent good, I know not where to select a more prominent or forcible instance than the second irruption of the Corsican into the Gallic territory.

There were many things to be regretted in the state of Europe at the conclusion of the war in 1814, there were some to which no mind of sound political judgment could yield its entire and perfect approbation ;

*"Mais on fait bien des chutes avant d'attraper la raison."*

The throne of France was too feebly supported to enable its lawful owner to exercise a due discrimination in the punishment of guilt, and the reward of fidelity; the abettors of rebellion walked abroad in all the unblushing assurance of personal security, and held aloft their undiminished heads in contemptuous defiance of their legal Sovereign; the miscreant Ney, and the treacherous Labedoyere were yet unexecuted, and the rest of the faithless crew remained undenounced and unimpeached. Indeed, partly moved by overbearing and imperious circumstances, and partly, perhaps, induced by a too gentle and indulgent disposition, the French monarch seemed to have thrown himself and his most secret councils into the hands of those who were most able and most disposed to betray both; and the wily instigator of Napoleon's nefarious plans of universal conquest, the unprincipled Bishop of Autun; and the relentless sprinkler of human blood during the many-shifting scenes of the revolutionary tragedy, the sanguinary Fouché, were, to the astonishment of the world, chosen to act in concert with the illustrious and unimpeachable Ministers of the ancient thrones of Europe.

But above all, my Lord, the great and leading error seems to have taken place in the mistaken treatment of the arch Rebel himself. Every principle both of justice and expedience, required that the disturber of the world, the invader of Europe, the usurper of his master's throne, the

vile unprincipled and sanguinary murderer of D'Enghien, Wright, Palm, and Hoffer, should be brought to public trial, and exemplary punishment—instead of permitting him to retire with his ill got spoils to the mock Majesty of an European sovereignty, though only over “*a petty fortress, and a barren strand,*” in the little islet of Elba.

And even our own beloved country, high as she stood, at that time, in the scale of nations, as the unceasing opposer and check of the all-aspiring Tyrant—unconquered and unconquerable, as she was even then—unshaken by all his efforts, and laughing to scorn his impotent attacks on her fleets, her armies, and her commerce:—yet even Britain, my Lord, though now the redeemer of the political world on the plains of Waterloo, the watchful preserver of the peace of Paris on the heights of Montmartre; the guardian of continental tranquillity at Cambrai, and the secure and incorruptible keeper of the Corsican Savage in his den at Saint Helena—to what a loftier and more unrivalled height has she soared in the regions of fame since the commencement of the last campaign; and to what halcyon days of peace and prosperity may she not now look forward, with more rational anticipation of undisturbed enjoyment.

Independently of the great principle of duty to society at large, nothing could have contributed more immediately to the vital interests of this country, than the prompt and vigorous exertions which were crowned with such complete success during the last year. Had the councils of those who deprecated interference been followed, what must have been the consequence? In the first instance, perhaps, an insidious, hollow, armed truce, under the name of peace with Buonaparte; but equally as expensive as a defensive war; for who would have dared to disarm this country under such a predicament? and even this soon followed by unremitted, unrelenting hostilities against our military and commercial greatness. For, with all his faults and all his



follies, we must give the Corsican credit for knowing where the chief strength of his adversaries was situated—in the opulence and in the fortitude of Britain. And great as has been our expenditure, during the short but sharp struggle which took place in the last campaign—what is it, weighed in all its consequences, to the cost and burthen, the inconvenience of a long-protracted state of lingering defensive warfare?

The exertions of the British Empire, so well directed, and so speedily put in execution, were above all praise; nor is it possible, my Lord, for words to express the satisfaction which I, in common with every real friend to England, feel on the wise, the firm, the mild yet energetic measures of diplomacy, which your truly able colleague, the Noble Secretary for Foreign Affairs, has carried through, both at Vienna and at Paris; his conduct is far beyond the power of my feeble admiration to add a single ray of lustre to its radiance.—All Europe has witnessed, and has recorded the brilliancy of his abilities; and as the organ of the British Cabinet, he shares the praise with those Ministers who contributed to the originating of his propositions.

Unable to censure the principle on which the war was recommenced, or to find fault with the mode of conducting it when resumed, the oracles of Opposition have rested their attack on the failure of your finances, and the inability of the nation to support the increased burthen which the additions necessarily made to the annual charge of the national debt must impose on the people. But here, as in every thing else, their data have been equally void of truth, as their conclusions have been destitute of reason. A morning paper, famous<sup>1</sup> for the collection and publishing of false intelligence, and the wilful misrepresentation of that which was originally correct, has had the hardihood, very recently, to inform its readers (a great part of whom are to be found in

<sup>1</sup> Has not our correspondent forgot to prefix the letters *i n* to this word?

the little alehouses about the metropolis, and therefore not very competent judges of its veracity or its correctness) that according to the latest calculation at the Bank, the amount of the national debt funded and unfunded, might together be estimated at 1955 millions. Now the real fact is, that the probable aggregate of the unredeemed funded debt, and of that which yet remains unfunded, whether in the form of Exchequer bills, or of outstanding and unsatisfied demands, may be altogether estimated at between nine hundred and one thousand millions; or, perhaps, at the utmost, the nine hundred and fifty-five millions, to which the Editor of the *Morning Chronicle* has very voraciously and accurately added another thousand; thereby rather more than doubling the whole of the National Debt by a single stroke of his loyal and truly patriotic pen. The probability is, that some person, either better informed or better disposed, has originally mentioned that the whole of the debt, after the conversion of the outstanding demands of every kind into stock capital, would amount to nine hundred and fifty-five, or between that and a thousand millions; which this willing herald and eager publisher of every thing disastrous or prejudicial to his country, has immediately and wilfully misrepresented, by converting the disjunctive *or* into the important copulative *and*.

What the real state of the case is, will appear from the following facts, founded not on the hearsay information of the *Morning Chronicle*, but on official and authentic documents.

On the 1st Nov. 1814, the whole of the stock capital invested in the different funds on account of the debt of Great Britain and Ireland, and of the several loans to the Emperor of Austria, to the Prince Regent of Portugal, and to the East India Company,



amounted to 1029,000,000*l.* ; out of which the commissioners for liquidating the national debt had redeemed 291,000,000*l.* and upwards, either by means of the sinking fund, by the sale of the land tax, or by the granting of life annuities in exchange for stock ; so that the unredeemed stock capital on that day amounted to something less than 738,000,000*l.* ; and in the spring of 1815 a loan of 36,000,000*l.* sterling, (27,000,000*l.* for Great Britain, and 9,000,000*l.* for Ireland) was contracted for at the rate of 130*l.* in three per cents. reduced, 44*l.* in three per cents. consols, and 10*l.* in four per cents. making together 184*l.* of omnium for every 100*l.* sterling, and creating in the whole, 66,240,000*l.* of additional stock debt. Exchequer bills, and a small loan to make up the sum of 18,135,589*l.* 3*s.* 6*d.* sterling, were also funded in 5 per cents. creating 21,208,402*l.* 16*s.* stock capital ; so that the whole addition to the stock debt within the last year has been 87,448,402*l.* 16*s.* ; and the amount of stock redeemed in the same period has been 22,522,175*l.* 18*s.* 3*d.* leaving the actual increase of stock debt within the year at 64,926,226*l.* 17*s.* 9*d.* ; and the total unredeemed stock on the 1st. Nov. 1815, at 802,773,537*l.* 0*s.* 7 $\frac{3}{4}$ *d.* ; and between that day and the 1st May 1816, a further liquidation to the amount of about 11 millions may be expected from the operations of the sinking fund, reducing the total unredeemed stock debt to about 791,000,000*l.* And on the other hand, to meet the expense of winding up the war charges, and satisfying all the outstanding demands to the same period, we must look to the funding of about 12 millions of Exchequer bills ; the total outstanding at present being 42 millions and upwards ; of which rather more than 21 millions are provided for, out of aids already voted, and the sum now outstanding and unprovided for is 20,774,700*l.*

which in five per cents. at the present rate will create about 24 millions of additional stock (with a proportional increase for any part which may be funded in four or three per cents.)

The most difficult part of the present unfunded debt to estimate, will be the necessary loan for satisfying the outstanding demands for miscellaneous services not yet provided for. What this may amount to is not very easy to pronounce with any degree of certainty; but if we assume about 20,000,000, I should suppose that this sum may be fully sufficient, and invested in three per cents at about 60, will create 33,000,000 more of stock; and will swell the aggregate of stock debt to 860,000,000. So that, at any rate, we may venture to assure the readers of the *Chronicle* that instead of *One Thousand Nine Hundred and Fifty-five Millions*, of which that faithful vehicle of correct intelligence has so modestly informed them they are to bear the weight, they may soothe those exasperated feelings, with which they must naturally reprobate the wicked Ministers who have so wantonly and unnecessarily saddled them with such a grievous burthen, by the comforting assurance, that it will not amount to quite so much as the odd 900. And on this they will have the satisfaction to find that a sinking fund is at work in redemption, the operative powers of which have increased from the year 1803, when its proportion to the debt of Great-Britain, (I have hitherto been speaking with reference to that of the United Kingdom), was as one to 82, to the year 1813, by which time it had advanced to the proportion of one to 44. But at that time, taking into consideration the rapid accumulation of the sinking fund, and the heavy charge about to be incurred by the new loans, it was thought expedient and equitable, to divide the burthen with posterity, by cancelling a considerable part



of the redeemed capital, and appropriating the released interest to supply the charge of the loans of that year and of the succeeding ones, and thereby avoiding the imposition of new taxes ; a measure certainly founded on justice and dictated by reason and expediency ; for it is quite clear to those who are acquainted with the state of the money market, that if by the return of peace, the war charges had ceased at that time, and the progressive accumulation of the sinking fund had continued unchecked, a very short period ( I may venture to say five or six years at the utmost ) would have rendered its operations so prejudicial to the commercial world, by taking such a quantity of stock out of the market as to require the interference of the legislature for its reduction. The measure in question can, therefore, only be regarded as an anticipation of that which must at any rate have been put in execution in a short time ; and anticipated at a moment when the consequences were most beneficial, by the intervention of a breathing time from fresh taxation. — And let it be recollected with triumphant pride by every true Briton, that this has taken place in the concluding years of a war of unexampled duration and unequalled expence ; when twenty-two years of continued hostilities had swelled the expenditure of the country to the enormous amount of 114,000,000 sterling per annum ; and when the salvation of Europe had been effected by the unremitting fortitude and perseverance of this nation in the support of burthens which no other people could have borne for a tenth part of the time.

Let us trust, then my Lord, that the good sense and patriotic discrimination of Englishmen will enable them to appreciate the motives of those who, to promote the paltry views of themselves and their faction, wilfully misrepresent the measures of Government, and the real situation of the country either in finance or general politics.

Thank Heaven, my Lord, both the political and the fi-

nancial state of the British Empire at the opening of the new year, are such as to inspire a just and happy confidence in its continued and increasing prosperity. And whatever temporary embarrassment may appear to have taken place with respect to the interests of the landed part of the community, though certainly much general inconvenience, and even great individual distress has arisen from it, yet the consequences are only for a time, and must be regarded but as the natural retrocession of a stream which has been flowing with unnatural and overstrained rapidity, and has met with a strong and sudden check of tide. It is that which has happened almost invariably on the return of peace, after a war of any length and extent. After the conclusion of the American war in 1783 the same general confusion, the same stagnation of the markets, the same failure of payments; and even a still greater number of bankruptcies were the consequence of the sudden stop of the Government contracts, and of the demand for the supplies of war. But what followed ! —a diversion of the employment of capital into new channels; and an increase of commerce, of agriculture, and of general wealth, which led us to the height of financial prosperity, and laid the foundation of those immense resources which have enabled us to prosecute, to its successful and triumphant termination, the most important war in which the country has ever been engaged, and have placed on the brows of Britain a wreath of such unfading glory as veils the laurels of Greece and Rome in deep and dark eclipse. A war, in the direction of which you, my Lord, and your Colleagues, have pursued a line of conduct so happily illustrative of that due combination of prudence and resolution inculcated by Machiavel.

*“Verum ita rerum administrationem prudentiâ et humanitate temperat ; ne nimia confidentiâ incautum, aut diffidentiâ non ferendum efficiat.”*

FALKLAND.









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